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Services Division
European Satellite Committee

Meeting of 22 October 1958

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Present: [REDACTED] S/COM; [REDACTED] S/CST; [REDACTED] S/TR; [REDACTED] A/PC;
[REDACTED] A/E; [REDACTED] M/AG; [REDACTED] M/TN; [REDACTED]
[REDACTED], M/MF.

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Dr. [REDACTED] A/PC, addressed the Committee on Approaches to Economic Management in East Germany. In introducing his subject, Dr. [REDACTED] pointed out that both the East and West Germans have the same background and a certain tendency toward centralization in public administration. The job of the East German rulers is facilitated by the fact that the East Germans have lived under dictatorship for twenty-five years. 25X1A9a

In their drive toward socialism, East German leaders are doing more than creating a new economic system. They are trying to create a new social order. And it is in this context that any East German innovations or practices in economic management must be viewed.

The East Germans are using and trying to improve upon the traditional German system of public administration. They have, of course, often followed the Soviet pattern but have not hesitated to deviate from it when local German conditions warrant this. The frequent administrative reorganizations indicate a strength rather than a weakness. They show an intent to meet new conditions with new techniques.

The East German government adopted the pre-war system of public administration and fortified it with a stronger central government (this, itself, a pre-war trend in Germany). This increased centralism was necessary because the existing system of government (central government and lands) could not accomplish the broad economic-political-social objectives of the Communist regime.

The regime effected the reorganization of the East German government by replacing the lands with 14 districts and 216 counties. These are all an integral part of the central government; any legislative powers they have are on paper only, and real authority rests with the central government. The local assemblies hold so little real power that there is no genuine local government left. This system is the reverse of decentralization; it is called democratic or socialist centralism. It is unavoidable both because of the necessity of central control to make central planning effective, and because of government ownership of the means of production.

There has been, of course, some delegation of authority but its extent depends upon the function being delegated. In operational, as

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as distinct from planning and control functions, considerable delegation has taken place. It is not foreseen that any real decentralization will take place in planning and the control of plan execution.

The current economic reorganizations are devised: (1) to improve work methods, and (2) to simplify the organizational structure. The organizational features of the program were implemented fairly rapidly. The former objective is considerably more difficult to effect.

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The meeting will be held at 1330 in Room 1121 M Building.

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